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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company, San Diego Gas & Electric Company and Southern California Edison Company for Approval of Changes to Natural Gas Operations and Service Offerings.

Application 06-08-026
(Filed August 28, 2006)

**ADMINISTRATIVE LAW JUDGE'S RULING
DENYING MOTION TO COMPEL**

By this ruling, we deny the motion filed on April 23, 2007 by Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) to compel certain data response from Coral Energy (Coral). Specifically, SoCalGas and SDG&E seek responses to three questions in their first data request to Coral. These Questions (Nos. 1, 2, and 6), and Coral's objections thereto, were provided as Attachment A to the motion.

Question No. 1 seeks Coral's aggregate natural gas sales to noncore customers and California utilities from 2002 through 2006. Coral objects to providing this information on relevance and commercial sensitivity grounds. Coral asserts that the harm resulting from its production "far outweighs the materiality of the information to the issues in this proceeding."

Question No. 2 seeks disclosure of Coral's capacity rights, receipt points, and delivery points for its firm interstate capacity holdings, and the annual volumes it purchased from 2002 through 2006 in the supply basins serving

California, at the California border, at Malin, and at the Pacific Gas and Electric Company city gate.

In its response to Question No. 6, Coral refuses to state whether it purchased more or less natural gas than SoCalGas in each of the supply basins serving California from 2002 through 2006. Coral's objections to Questions 2 and 6 are the same as its objections to Question No. 1.

Applicants argue that the information sought in these data requests is necessary to understand Coral's position in the marketplace. Applicants claim that the Commission needs to understand Coral's position in the marketplace in order to properly evaluate Coral's affirmative claims and proposals in this proceeding.

Coral has submitted testimony opposing Applicants' proposal to combine SoCalGas' and SDG&E's core natural gas purchasing functions on the grounds of SoCalGas' and SDG&E's supposed market power. Coral has proposed outsourcing the utilities' core natural gas purchasing to unregulated market participants such as Coral. Applicants argue that Coral has created a "problem," and offered itself as the solution. On this basis, Applicants claim that Coral's own activities in the marketplace are relevant for discovery.

Coral filed a response in opposition to the motion on May 1, 2007. Coral argues that the information sought regarding Coral's market position is not relevant in understanding its structural proposal.

Coral proposes a "Core Portfolio Diversity Program," whereby the utilities core procurement would be divided into five equally sized gas supply portfolios, with responsibility for purchasing gas for each of the portfolios allocated through a competitive bidding process to five wholesale core procurement agents. Coral denies that it proposes that the core procurement function be allocated to Coral,

and does not know whether or how it would participate in the competitive bidding process or, if so, whether it would be a successful bidder.

Coral also objects to the motion to compel on the grounds that disclosure of the requested information could compromise Coral's position in the marketplace. If this information were disclosed, Coral argues, competitors and suppliers would learn the gas volumes (and the transportation capacity) needed by Coral to serve its customer loads. Coral argues that this knowledge could impact the price of gas supplies purchased (or sold) by Coral, and the terms of the firm/interruptible capacity rights acquired or released by Coral.

Discussion

The motion to compel is denied. Applicants have not shown that discovery of the requested information as to Coral's own market position is relevant to evaluating the merits of Coral's proposal for a "Core Portfolio Diversity Program." Applicants have not shown why the market position of Coral should be singled out for discovery while there are approximately 40 gas marketers that sell gas to noncore customers in SoCalGas' service territory. The information sought is also commercially sensitive, as explained by Coral. Given these considerations, the motion to compel is denied.

IT IS RULED that the Applicants' motion to compel discovery is denied.

Dated May 7, 2007, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge

INFORMATION REGARDING SERVICE

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Dated May 7, 2007, at San Francisco, California.

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